

**GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA**

STARRED QUESTION NO:144
ANSWERED ON:10.03.2008
INTEREST FREE LOANS TO SUGAR MILLS
Tripathi Shri Chandramani

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

- (a) whether the Government has decided to grant interest free loans to the sugar mills to help them pay their dues;
- (b) if so, the details thereof;
- (c) the details of the amount various sugar mills in the country owe to the farmers, State-wise;
- (d) the number of years the said amount remains outstanding; and
- (e) the details of the loans provided to the sugar mills after the decision has been taken?

Answer

MINISTER OF AGRICULTURE AND MINISTER OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (SHRI SHARAD PAWAR)

(a), (b), (c), (d) & (e): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE STARRED QUESTION NO. 144 DUE FOR ANSWER ON 10.03.2008 IN THE LOK SABHA.

(a) & (b): The excess production of sugar in 2006-07 and anticipated high production of sugar in 2007-08 sugar seasons resulted decline in open market prices of non levy sugar. The open market prices declined by about Rs.450-600 per quintal in 2006-07 sugar season. In order to ensure that high production of sugar does not lead to mounting cane price arrears thereby causing distress to farmers, the Central Government has taken a number of measures to help the sugar industry and sugarcane farmers. The 'Scheme for Extending Financial Assistance to sugar undertakings 2007' has been announced by the Government vide notification dated 7th December,2007, to give loans from the banks to the sugar mills - private, public and cooperative sector. Under the scheme, the loans to sugar factories will be granted equivalent to the notional Central Excise Duty payable on total production of sugar during 2006-07 and 2007-08 sugar seasons to clear cane price arrears of 2006-07 season and cane price of 2007-08 season relating to Statutory Minimum Price (SMP) of sugarcane fixed by the Central Government. The scheme provides full interest subvention limited to 12%.

(c) & (d): A statement indicating the state-wise cane price arrears of 2007-08 sugar season and earlier sugar seasons is enclosed.

(e): As per information received from National Bank for Agricultural and Rural Development (NABARD), and other scheduled commercial banks, an amount of Rs. 2482 crores has already been sanctioned to sugar factories.